

## Message Text

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C O N F I D E N T I A L CARACAS 1405

E.O. 11652: GDS

TAGS: EGEN VE

SUBJ: CONVERSATION WITH PLANNING MINISTER GUMERSINDO RODRIGUEZ

1. QUOTED BELOW IS THE TEXT OF A MEMORANDUM TO ME FROM DR. JAMES D. THEBERGE, WHO HAS BEEN VISITING VENEZUELA THIS WEEK IN HIS CAPACITY AS CHAIRMAN OF THE LATIN AMERICAN STUDY GROUP OF VICE PRESIDENT ROCKEFELLER'S COMMISSION ON CRITICAL CHOICES, FOLLOWING HIS MEETING WITH MINISTER OF STATE FOR PLANNING AND COORDINATION, GUMERSINDO RODRIQUEZ, THE EVENING OF FEBRUARY 3, 1975;

2. QUOTE. ON THE EVENING OF FEBRUARY 3, 1975, I HAD A MEETING OF OVER ONE HOUR WITH THE MINISTER OF STATE FOR CORDIPLAN, GUMERSINDO RODRIGUEZ. I EXPLAINED THE PURPOSE OF MY VISIT, AND EMPHASIZED THAT MY STUDY FOR THE CRITICAL CHOICES COMMISSION WAS ATTEMPTING TO IDENTIFY SOME OF THE MORE LIKELY POINTS OF CONFLICT AS WELL AS OPPORTUNITIES FOR COOPERATION BETWEEN THE UNITED STATES AND VENEZUELA OVER THE NEXT FIVE TO TEN YEARS.

3. MINISTER RODRIGUEZ SAID HE WAS CONVINCED OF THE IMPORTANCE OF THE KIND OF FUTURE PLANNING UNDERWAY BY THE CRITICAL CHOICES COMMISSION, AND HE APPARENTLY HAD A CLEAR IDEA OF WHAT THE  
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COMMISSION WAS DOING. HE SAID THAT HE SAW SEVERAL AREAS OF FUTURE

CONFLICT AND MUTUAL ACCOMMODATION OF INTERESTS.

4. IN HIS VIEW, A MAJOR PROBLEM FACING US-VENEZUELAN RELATIONS (AND MORE GENERALLY, WITH LATIN AMERICA) WAS GAINING FREER ACCESS TO THE US MARKET FOR ITS NEW EXPORTS. INCREASINGLY, VENEZUELA WILL BE EXPORTING SEMI-MANUFACTURES, AND INTERMEDIATE GOODS, SUCH AS STEEL AND PETROCHEMICAL PRODUCTS, SINCE THE DOMESTIC MARKET WAS TOO NARROW FOR EFFICIENT PRODUCTION. THE UNITED STATES, FOR HISTORICAL AND GEOGRAPHIC REASONS, WAS AN IMPORTANT NATURAL MARKET FOR VENEZUELAN MANUFACTURES. THAT EXPLAINS, HE SAID, THE STRONG FEELING TOWARDS THE NEW US FOREIGN TRADE ACT IN VENEZUELA. HE SAID THAT VENEZUELA NEEDED ACCESS TO THE US MARKET TO COMPLETE ITS STRATEGY FOR ECONOMIC TRANSFORMATION AND LESSENERED DEPENDENCY ON THE OIL SECTOR OVER THE NEXT FIVE YEARS OR SO. IN SHORT, HE FELT THAT THE STRONG PROTECTIONIST TREND IN THE UNITED STATES WAS A MAJOR THREAT TO THE FUTURE OF GOOD RELATIONS BETWEEN BOTH COUNTRIES. ON THE OTHER HAND, HE UNDERSTOOD THE RIGHT OF THE US CONGRESS TO IMPOSE TRADE RESTRICTIONS, AND RECOGNIZED THAT IT WAS THE ROLE OF THE US CONGRESS TO LOOK AFTER DOMESTIC INTERESTS. HE MERELY WANTED TO POINT OUT ONE AREA OF CONSIDERABLE, CONTINUING CONFLICT.

5. AS FAR AS FOREIGN INVESTMENT WAS CONCERNED, HE SAID THAT IT WAS PERFECTLY CLEAR TO HIM THAT THE NATIONALIZATION OF THE OIL AND IRON ORE SECTORS WILL IMPROVE THE PROSPECTS FOR SMOOTHER US-VENEZUELAN RELATIONS SINCE A MAJOR SOURCE OF NATIONALIST HOSTILITY TOWARDS THE UNITED STATES WILL BE REMOVED. BUT, HE ADDED, HE WAS ALSO CONVINCED THAT THE ELIMINATION OF AN EXTERNAL TARGET OF VENEZUELAN NATIONALISM WILL LEAD TO INCREASED DOMESTIC PRESSURES IN FAVOR OF A RADICALIZATION OF THE POLITICAL SYSTEM, WITH THE AIM OF IMPROVING THE DISTRIBUTION OF INCOME, AND ESPECIALLY THE CONDITIONS OF THE LOWER CLASSES. HE SAID THAT HE EXPECTED PRESSURE FOR STRUCTURAL CHANGES TO GROW OVER THE NEXT FEW YEARS. MY IMPRESSION WAS THAT MINISTER RODRIGUEZ WAS HINTING AT SOME RADICAL CHANGES IN PROPERTY OWNERSHIP AND PARTICIPATION BY THE WORKERS IN THE ECONOMIC SYSTEM, IDEAS WHICH ARE WIDELY CURRENT IN LATIN AMERICA.

6. THE MINISTER DECLARED THAT THERE WAS AN EXCELLENT OPPORTUNITY FOR COOPERATION WITH THE UNITED STATES IN A WHOLE SERIES OF AREAS, WHERE BOTH SIDES COULD BENEFIT FROM RESEARCH AND DEVELOPMENT. HE MENTIONED THE FOLLOWING AREAS: (1) AGRICULTURAL DEVELOPMENT; CONFIDENTIAL

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(2) FOOD PRODUCTION, ESPECIALLY FOR POPULAR CONSUMPTION; (3) PUBLIC SERVICES (TRANSPORT, HEALTH, SOCIAL SECURITY SYSTEMS, ETC.); (4) HEAVY OIL TECHNOLOGY; (5) PETROCHEMICALS; (6) TRAINING OF HUMAN RESOURCES. HE SAID THAT PRESIDENT PEREZ HAD ALREADY APPROVED THE ESTABLISHMENT OF A \$200 MILLION FUND FOR TRAINING OF HUMAN RESOURCES (20 PERCENT OF WHICH WOULD GO TO OTHER LATIN AMERICAN COUNTRIES) IN THE USA, VENEZUELA, AND LATIN AMERICA. HE SAID THE US COULD PARTICIPATE, ALONG WITH BRAZIL, AND OTHER COUNTRIES OF THE

HEMISPHERE, POOLING EFFORTS.

7. HE ARGUED THAT BOTH COUNTRIES SHOULD DECIDE ON SEVERAL AREAS OF COOPERATION IN RESEARCH AND DEVELOPMENT THAT WOULD BENEFIT THEM AND THEN COMPARE NOTES TO SEE WHERE INTERESTS OVERLAPPED. COOPERATION SHOULD NOT BE UNDERTAKEN IN THESE TECHNICAL AREAS UNLESS IT WAS CLEAR TO THE USA THAT IT WOULD BENEFIT FROM THE EFFORT.

8. MY COMMENT: MINISTER RODRIGUEZ WAS EXTREMELY FRIENDLY, AND CLEARLY ONE OF THE BEST MINDS IN THE GOVERNMENT. HE IS VERY WELL-INFORMED, AND IMAGINATIVE. HE SEEMED CONFIDENT, AND MENTIONED HIS MANY FRIENDS IN THE USA. HE SAID HE WOULD PROBABLY BE IN THE US IN APRIL AND AGAIN DURING THE SUMMER. I WAS IMPRESSED BY HIS CLEAR, COHERENT THINKING. HIS POLITICAL ANALYSIS WAS ACUTE AND DIALECTICAL. END QUOTE.

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